

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY	Yugoslavia/USSR	REPORT NO.	
SUBJECT	Vukmanovic-Tempo Mission to Moscow; Recent Khrushchev-Bulganin Negotiations in Belgrade	DATE DISTR.	5 October 1955
		NO. OF PAGES	2
DATE OF INFO.		REQUIREMENT NO.	RD
PLACE ACQUIRED		REFERENCES	
DATE ACQUIRED			

BY CABLE

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Information

1. Yugoslav Vice President Svetozar Vukmanovic-Tempo is delighted with the success of his mission to Moscow. Yugoslavia received about ninety million dollars in credits and has been promised uranium 235 and heavy water. In addition, aluminum and artificial fertilizer plants will be erected by Soviet technicians. According to Marshal Tito, the Satellites owe 400 million dollars to Yugoslavia, of which he hopes to collect half. The ninety million dollars owed by Bulgaria has been written off.
2. According to Tito, during the Khrushchev-Bulganin negotiations at Belgrade, there was no attempt to prevent Yugoslavia from trading with the West or to lure Yugoslavia away from the West. The Soviets offered a MIG license but the Yugoslavs refused this offer, since the Soviets wanted to attach strings to it. Vice President Edvard Kardelj expects Yugoslavia to receive a jet license.
3. According to the Yugoslavs, the Soviets stated during the Khrushchev-Bulganin talks that they wished to help Yugoslavia solve its problems with the Satellites, but pointed out that the Satellites were free. The Soviets promised to do what they could about the treatment of the Titoists in Eastern Europe, and Khrushchev did so after leaving Yugoslavia.
4. Marshal Tito has told the Soviets that he stands by the Balkan Pact. The possibility of a new Balkan federation not under Soviet sponsorship was in the air during the Soviet-Yugoslav meetings. Tito has stated that he favors a larger Balkan federation supported by both the USSR and the U.S. He does not particularly desire Turkish participation. There was no suggestion made during the meetings that Yugoslavia would refuse Western military aid.
5. Tito and his staff are happy and proud about the talks and feel that they

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get the best of the Soviets, although the latter also seemed pleased with the results. Tito believes that the talks will lead to a real understanding with the Soviets, but with certain reservations. Kardelj has stated, "It depends on how foolish we are. We have had experience and we won't fall into a trap." Koca Popovic, State Secretary for Foreign Affairs, stated, "We are the clever ones."

6. Tito is convinced that the USSR, suffering from terrific internal difficulties and confused since the change from Stalinism, does not want war. Kardelj has stated, "The Soviet leaders are peasants--naive men who don't know but want to learn." He added that Yugoslavia would not agree to a Soviet proposal for a European security pact if it meant excluding the U.S., since "we want the Americans in Europe." Tito has great hopes for the coming conference of the Foreign Ministers in Geneva.
7. During the talks, the Soviets inquired how profitable tourism was in Yugoslavia, and indicated that they would develop tourism in the Soviet Union.

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